

Central Intelligence Agency



Washington, D.C. 20505

The Honorable Jack Brooks
Chairman
Committee on Government Operations
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

This is in further response to your request for the views of the Central Intelligence Agency (CIA) on H.R. 3790 and H.R. 3800. Mr. Casey has asked me to respond to your request. After reviewing the impact these bills would have on Agency personnel recruitment, I must state the Agency's opposition to them.

H.R. 3790 would limit the cost of living adjustment (COLA) under certain entitlement programs including Civil Service retirement benefits and CIA retirement benefits by requiring that the index used to calculate these COLA's be reduced by 2 percent. H.R. 3790 would also make similar changes to provisions in the Internal Revenue Code (IRC) that provide COLA's for the individual income tax rates and the personal exemption, requiring that such COLA calculations reflect a 2 percent floor and be based on a comparison of the average Consumer Price Index (CPI) for the two preceding years rather than the average CPI for the last preceding year and 1983, as is the case in present law.

H.R. 3800 would abolish COLA under certain entitlement programs including Civil Service and CIA retirement programs. Similarly, H.R. 3800 would repeal the recently enacted provisions in the IRC that provided COLA for the individual income tax rates and the personal exemption.

While the modifications to the IRC would affect all taxpayers equally, the revisions to the COLA provisions of the affected federal retirement programs impacts disproportionately upon the federal employee. Both of these bills single out Government retirement programs as prime targets for cost-saving legislation. This discrimination is unacceptable both because it is unfair in light of previous austerity measures borne by federal workers and because it truly threatens the ability of the Central Intelligence Agency, as well as the Federal Government in general, to attract and retain high caliber employees. Recruitment and retention of high quality Agency

personnel is an absolute necessity, especially in light of the sensitive and important national security mission of the CIA. Consequently, the CIA opposes these two bills.

The Office of Management and Budget has advised that there is no objection to the submission of this report from the standpoint of the Administration's program. Thank you for the opportunity to comment on this legislation.

Sincerely,

Clair E. George
Director, Office of Legislative Liaison